

AMENDED IN ASSEMBLY AUGUST 18, 2014

AMENDED IN ASSEMBLY JUNE 16, 2014

AMENDED IN ASSEMBLY JUNE 9, 2014

AMENDED IN ASSEMBLY AUGUST 6, 2013

AMENDED IN ASSEMBLY JUNE 4, 2013

## SENATE BILL

**No. 614**

---

### **Introduced by Senator Wolk**

*(Coauthors: Assembly Members Alejo and Waldron)*

February 22, 2013

---

An act to amend, *repeal, and add* Section 56653 of the Government Code, and to add *and repeal* Section 99.3 to of the Revenue and Taxation Code, relating to local government.

#### LEGISLATIVE COUNSEL'S DIGEST

SB 614, as amended, Wolk. Local government: jurisdictional changes: infrastructure financing.

#### **Existing**

*(1) Existing* law, the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, provides the authority and procedures for the initiation, conduct, and completion of changes of organization and reorganization of cities and districts. The act requires a local agency or school district that initiates proceedings for a change of local government organization or reorganization by submitting a resolution of application to a local agency formation commission to also submit a plan for providing services within the affected territory, as specified.

This bill would instead require, if a proposal for a change of organization or reorganization is submitted to a local commission, that

the applicant submit a plan for providing services within the affected territory. ~~The bill would, territory that, until January 1, 2025, in the case of a change of organization or reorganization initiated by a local agency and consented to by each affected agency, that includes a disadvantaged, unincorporated community, authorize~~ *authorizes* a local agency to include in its resolution of application ~~a an annexation development~~ plan to improve or upgrade structures, roads, sewer or water facilities, or other infrastructure to serve the disadvantaged, unincorporated ~~community and~~ *community*. ~~This bill would authorize the local agency formation commission to amend~~ *approve* the proposal to include the formation of a special district *or reorganization of a special district*, as specified. ~~This bill would require an annexation plan to include certain information.~~

**Existing**

(2) *Existing* law requires a county auditor, in the case of a jurisdictional change caused by the formation of a district, to adjust the allocation of property tax revenue pursuant to the agreement of local agencies whose service area or service responsibility would be altered by the jurisdictional change, as specified.

This bill would, *until January 1, 2025*, authorize a local agency that files a ~~petition~~ *resolution of application* for change of organization, and one or more other local agencies that will improve or upgrade structures to serve a disadvantaged, unincorporated community, to agree on ~~a an annexation development~~ plan for financing services and structures that may provide that taxes, levied upon taxable property in the area included within the territory each year by or for the benefit of the local agency and one or more other local agencies that consent to the plan, be divided ~~between the respective affected local agencies and the special district.~~ *as specified*. This bill would require the plan to include a date on which that division of taxes shall terminate, and would allow the plan to provide for the issuance of indebtedness, as specified. The bill would prohibit any plan developed under these provisions from *including any portion of a redevelopment project area, as specified, or* resulting in a reduction of property tax revenues to school entities.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. It is the intent of the Legislature to provide  
2 additional options for financing infrastructure that can be  
3 ~~incorporated into the approval of~~ *considered by local agencies and*  
4 *the local agency formation commission when evaluating the*  
5 *proposal for an annexation of a disadvantaged, unincorporated*  
6 *community.*

7     SEC. 2. Section 56653 of the Government Code is amended  
8 to read:

9     56653. (a) If a proposal for a change of organization or  
10 reorganization is submitted pursuant to this part, the applicant shall  
11 submit a plan for providing services within the affected territory.

12     (b) The plan for providing services shall include all of the  
13 following information and any additional information required by  
14 the commission or the executive officer:

15     (1) An enumeration and description of the services to be  
16 extended to the affected territory.

17     (2) The level and range of those services.

18     (3) An indication of when those services can feasibly be  
19 extended to the affected territory.

20     (4) An indication of any improvement or upgrading of structures,  
21 roads, sewer or water facilities, or other conditions the local agency  
22 would impose or require within the affected territory if the change  
23 of organization or reorganization is completed.

24     (5) Information with respect to how those services will be  
25 financed.

26     (c) ~~Only in (1)~~ *In the case of a change of organization or*  
27 *reorganization initiated by a local agency and consented to by each*  
28 ~~affected agency,~~ *that includes a disadvantaged, unincorporated*  
29 *community as defined in Section 56033.5:*

30     ~~(1) A 56033.5,~~ *a local agency may include in its resolution of*  
31 *application for change of organization or reorganization—a an*  
32 *annexation development plan adopted pursuant to Section 99.3 of*  
33 *the Revenue and Taxation Code to improve or upgrade structures,*  
34 *roads, sewer or water facilities, or other infrastructure to serve the*  
35 *disadvantaged, unincorporated community through the formation*  
36 *of a special district or reorganization of—a one or more existing*  
37 ~~special district districts with the consent of each special district's~~  
38 ~~consent.~~ *governing body.*

1     (2) *The annexation development plan submitted pursuant to this*  
2 *subdivision shall include information that demonstrates that the*  
3 *formation or reorganization of the special district will provide all*  
4 *of the following:*

5     (A) *The necessary financial resources to improve or upgrade*  
6 *structures, roads, sewer, or water facilities or other infrastructure.*  
7 *The annexation development plan shall also clarify the local entity*  
8 *that shall be responsible for the delivery and maintenance of the*  
9 *services identified in the application.*

10    (B) *An estimated time frame for constructing and delivering the*  
11 *services identified in the application.*

12    (C) *The governance, oversight, and long-term maintenance of*  
13 *the services identified in the application after the initial costs are*  
14 *recouped and the tax increment financing terminates.*

15    ~~(2)~~

16    (3) *If a local agency includes a an annexation development plan*  
17 *pursuant to paragraph (1), this subdivision, a local agency*  
18 *formation commission may amend approve the proposal for a*  
19 *change of organization or reorganization to include the formation*  
20 *of a special district or reorganization of a special district with the*  
21 *special district's consent, including, but not limited to, a community*  
22 *services district, municipal water district, or sanitary district, to*  
23 *provide financing to improve or upgrade structures, roads, sewer*  
24 *or water facilities, or other infrastructure to serve the*  
25 *disadvantaged, unincorporated community, in conformity with the*  
26 *requirements of the principal act of the district proposed to be*  
27 *formed and all required formation proceedings.*

28    (4) *Pursuant to Section 56881, the commission shall include in*  
29 *its resolution making determinations a description of the*  
30 *annexation development plan, including, but not limited to, an*  
31 *explanation of the proposed financing mechanism adopted pursuant*  
32 *to Section 99.3 of the Revenue and Taxation Code, including, but*  
33 *not limited to, any planned debt issuance associated with that*  
34 *annexation development plan.*

35    ~~(d) Nothing in this section precludes~~ *This section shall not*  
36 *preclude a local agency formation commission from considering*  
37 *any other options or exercising its powers under Section 56375.*

38    (e) *This section shall remain in effect only until January 1, 2025,*  
39 *and as of that date is repealed.*

1     *SEC. 3. Section 56653 is added to the Government Code, to*  
2     *read:*

3     56653. (a) *If a proposal for a change of organization or*  
4     *reorganization is submitted pursuant to this part, the applicant*  
5     *shall submit a plan for providing services within the affected*  
6     *territory.*

7     (b) *The plan for providing services shall include all of the*  
8     *following information and any additional information required by*  
9     *the commission or the executive officer:*

10    (1) *An enumeration and description of the services to be*  
11    *extended to the affected territory.*

12    (2) *The level and range of those services.*

13    (3) *An indication of when those services can feasibly be extended*  
14    *to the affected territory.*

15    (4) *An indication of any improvement or upgrading of structures,*  
16    *roads, sewer or water facilities, or other conditions the local*  
17    *agency would impose or require within the affected territory if the*  
18    *change of organization or reorganization is completed.*

19    (5) *Information with respect to how those services will be*  
20    *financed.*

21    (c) *This section shall become operative on January 1, 2025.*

22    ~~SEC. 3.~~

23    *SEC. 4. Section 99.3 is added to the Revenue and Taxation*  
24    *Code, to read:*

25    99.3. (a) ~~The plan for financing services that is included in a~~  
26    ~~petition with a resolution of application for change of organization~~  
27    ~~or reorganization filed by a local agency and consented to by each~~  
28    ~~affected agency, pursuant to Section 56653 of the Government~~  
29    ~~Code for a disadvantaged, unincorporated community may include~~  
30    ~~a an annexation development plan that has been adopted pursuant~~  
31    ~~to this section. subdivision (c).~~

32    (b) *For purposes of this section, the following definitions apply:*

33    (1) *“Local agency” means a local agency as defined by*  
34    *subdivision (a) of Section 95, and does not include any school*  
35    *entity as defined in subdivision (f) of Section 95.*

36    (2) ~~“Affected”~~ *“Consenting local agency” means a local agency*  
37    *that has adopted a resolution of its governing body consenting to*  
38    ~~the plan developed pursuant to this section. annexation~~  
39    ~~development plan.~~

1 (3) “Territory” means all or part of the land that is included in  
2 the ~~petition~~ *resolution of application* for change of organization  
3 or reorganization filed by the local agency.

4 (4) “Certificate of completion” is defined as provided in Section  
5 56020.5 of the Government Code.

6 (5) “Disadvantaged, unincorporated community” is defined as  
7 provided in Section 56033.5 of the Government Code.

8 (c) A local agency that files a resolution of application for a  
9 change of organization or reorganization, and one or more other  
10 *consenting* local agencies that will improve or upgrade structures  
11 to serve a disadvantaged, unincorporated community subject to  
12 that ~~petition~~, *resolution of application*, may agree on ~~a an~~  
13 *annexation development* plan for financing services and structures  
14 pursuant to this section.

15 (d) The *annexation development* plan agreed upon pursuant to  
16 subdivision (c) may contain a provision that taxes levied upon  
17 taxable property in the area included within the territory each year  
18 by or for the benefit of the local agency and one or more other  
19 *consenting* local agencies that consent to the *annexation*  
20 *development* plan, be divided as follows:

21 (1) That portion of the taxes that would have been produced by  
22 the rate upon which the tax is levied each year by or for each of  
23 the ~~affected~~ *consenting* local agencies upon the total sum of the  
24 assessed value of the taxable property in the territory as shown  
25 upon the assessment roll used in connection with the taxation of  
26 the property by the ~~affected~~ *consenting* local agency, last equalized  
27 prior to the effective date of the certification of completion, and  
28 that portion of taxes by or for each school entity, shall be allocated  
29 to, and when collected shall be paid to, the respective ~~affected~~  
30 *consenting* local agencies and school entities as taxes by or for the  
31 ~~affected~~ *consenting* local agencies and school entities on all  
32 property are paid.

33 (2) That portion of the levied taxes each year specified in the  
34 ~~adopted infrastructure financing plan~~ *annexation development plan*  
35 *adopted pursuant to subdivision (c)* for the city and each ~~affected~~  
36 ~~taxing entity~~ *consenting local agency* that has agreed to participate  
37 pursuant to this section, in excess of the amount specified in  
38 paragraph (1), shall be allocated to, and when collected shall be  
39 paid into a special fund of a special district formed or reorganized  
40 with the special district’s consent pursuant to subdivision (c) of

1 Section 56653 of the Government Code that will finance the  
2 infrastructure improvements, *including, but not limited to, water,*  
3 *wastewater, and stormwater systems and local streets, roads, and*  
4 *sidewalks*, to serve the disadvantaged, unincorporated community.  
5 *A consenting local agency may advance funds to the special district*  
6 *that is formed or reorganized pursuant to paragraph (2) of*  
7 *subdivision (c) of Section 56653 of the Government Code. The*  
8 *special district shall use those advanced funds solely for the*  
9 *purposes specified in the annexation development plan adopted*  
10 *pursuant to subdivision (c) and shall repay the consenting local*  
11 *agency with revenue from the taxes received pursuant to this*  
12 *subdivision.*

13 (e) ~~A~~An annexation development plan adopted pursuant to this  
14 ~~section~~ subdivision (c) shall specify a date upon which the division  
15 of taxes described in subdivision (d) shall terminate.

16 (f) ~~A~~An annexation development plan adopted pursuant to this  
17 ~~section~~ subdivision (c) may include a provision for the issuance  
18 of indebtedness. Any indebtedness shall be issued in conformity  
19 with Articles 4.5 (commencing with Section 53506) and 5  
20 (commencing with Section 53510) of Chapter 3 of Part 1 of  
21 Division 2 of Title 5 of the Government Code or the principal act  
22 of the special district.

23 (g) ~~Any~~An annexation development plan adopted under this  
24 ~~section~~ pursuant to subdivision (c) shall not result in a reduction  
25 of property tax revenues allocated to any school entity as defined  
26 in subdivision (f) of Section 95.

27 (h) Any plan adopted pursuant to this section shall not include  
28 any portion of a redevelopment project area which is or has been  
29 previously created pursuant to Part 1 (commencing with Section  
30 33000) of Division 24 of the Health and Safety Code.

31 (i) This section shall remain in effect only until January 1, 2025,  
32 and as of that date is repealed.